

Attachment 4: 89

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the...*

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES
LONG TERM CARE FACILITIES
RATE REVIEW GUIDELINES

Effective 1/1/89

These documents have been prepared by the Department of Human Services in consultation with the Department of Health

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

ACCOUNTING AND REPORTING SYSTEM FOR
NURSING FACILITIES

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95-14-MA(NJ)

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The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.

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SUBCHAPTER 3 COST STUDY, RATE REVIEW GUIDELINES AND REPORTING SYSTEM FOR LONG-TERM CARE

FOREWARD

These pages describe the methodology ("guidelines") to be used by the State of New Jersey to establish prospective per diem rates for the providing of nursing facility services to residents under the State's Medicaid program. These guidelines have been developed jointly by the State Department of Human Services (the Department) and the State Department of Health and Senior Services.

The New Jersey Medicaid program (Medicaid program) believes that the strict application of these guidelines will generally produce equitable rates for the payment of nursing facilities (NFs) of the reasonable cost of providing routine patient care services. The Medicaid program recognizes, however, that no set of guidelines can be developed which might not result in some inequities if applied rigidly and indiscriminately in all situations. Inequities could be in the form of rates that are unduly low or rates that are unduly high.

Accordingly, in the case where a NF believes that, owing to an unusual situation, the application of these guidelines results in an inequity, the Medicaid program is prepared to review the particular circumstances with the NF. Appeals on the grounds of inequity should be limited to circumstances peculiar to the NF affected. They should not address the broader aspects of the guidelines themselves.

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On the other hand, these guidelines are not purported to be an exhaustive list of unreasonable costs. Accordingly, notwithstanding any inference one may derive from these guidelines, the New Jersey Medicaid Program reserves the right to question cost reports submitted by providers and exclude any unreasonable costs.

All rates established pursuant to these guidelines will be subject to on-site audit verification of costs and statistics reported by NFs.

These revised guidelines in the nursing facility reimbursement formula have been developed to meet the following overall goals:

1. To comply with Federal requirements that rates are reasonable and adequate to meet the cost that efficiently and economically operated facilities must incur to provide care in conformity with applicable State and Federal laws, regulations and quality and safety standards.
2. To provide sufficient incentive to attract nursing facility investment, thereby reducing the reported Medicaid bed shortage; and
3. To end opportunities for excessive property cost reimbursement.

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The Program that established the Medicaid rates of payment for nursing facilities (that participate as providers in the New Jersey Medicaid program) was designated the Health Facilities Rate Setting Program. The unit that established rates for long-term care facilities was transferred from the New Jersey Department of Health (DOH) to the Division of Medical Assistance and Health Services (the Division). In addition, all records, property, appropriations and any unexpended balance of funds appropriated or otherwise available to the long-term care facilities unit (the unit) of the Health Facilities Rate Setting Program were transferred to the Division.

Reference is made to the Governor's Reorganization Plan No. 004-1995, notice of which appeared in the July 3, 1995 issue of the New Jersey Register at 27 N.J.R. 2509(a).

Therefore, any reference(s) in the New Jersey Title XIX (Medicaid) State Plan regarding rate setting shall be read as being consistent with the administrative responsibilities in the preceding paragraphs.

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STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

Accounting and Reporting System for Nursing Facilities

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SECTION 2

DEFINITIONS AND ACCOUNTS

CHART OF ACCOUNTS

The Chart of Accounts included herein is the minimum chart required to satisfy the New Jersey Medicaid program (Medicaid program) reporting requirements. The accounts are keyed to the schedule line or column on the reports to which the account total is to be entered for reporting to the Medicaid program.

Homes may provide additional detailed accounts in their records when required for internal management purposes or for third party reimbursement purposes. If this is the case, these accounts would be summarized when preparing Medicaid's reports.

Moreover, all required accounts need not be posted routinely. It will be sufficient for Medicaid purposes if homes maintain their records in such a way that the reports to Medicaid can be prepared at year end by means of worksheet adjustments.

Homes subject to income taxes should, of course, continue to maintain appropriate records for tax purposes.

New general ledger account numbers have been developed for Medicaid Chart of Accounts. For reference, the numbers associated with similar accounts in the American Nursing Home Association and Reynolds & Reynolds systems are shown.

Where appropriate, typical items to be included in an account are shown. As indicated above, homes may elect to provide separate accounts for many of these items.

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